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WHAT IS A REVENUE STANDARD?

AND A

REVIEW

OF

SECRETARY WALKER'S

REPORT ON THE TARIFF.

BY NATHAN APPLETON.

BOSTON:
1846.
EASTBURN'S PRESS

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THE REVENUE STANDARD.

[FROM THE NATIONAL INTELLIGENCER, AUGUST, 1845.]

We have seen it announced under the hand of Mr. Secretary Walker, that "the tariff must be reduced to the revenue standard," and that his chief occupation, at present, is with the details of this measure. It becomes important then, to know what is to be understood by the expression, "*revenue standard,*" which is about as definite as that of "*a judicious tariff.*"

The process of reduction would imply that the present tariff produces too much revenue, but it is difficult to believe that the Secretary is much troubled on this score. The amount of nett revenue from customs for the year ending 30th June, 1844, was twenty-six millions one hundred and eighty-three thousand dollars. We are not advised what has been the precise amount for the year which has just expired, but as we have the amount in the Treasury on the 1st day of July, 1845, something below that on hand a year ago, it is evident there has been no excess of revenue during the fiscal year which ended on that day. With the various contingencies connected with the annexation of Texas before us, it would seem to be altogether premature to decide that we shall have any excess of revenue for the year to come; especially, whilst we have a debt of fifteen millions, to the extinction of which any surplus may be applied. It is probable that twenty-six millions may be taken as the fair average revenue to be derived from the present tariff, and it would seem to be quite time enough to reduce it when we find ourselves troubled with an actual excess.

It is true, a certain set of politicians denounced the tariff in advance, as too high to produce revenue, and prophesied most emphatically that it must be reduced in order to in-

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crease the revenue We do not suppose, after our actual experience, that this can be the meaning of the Secretary. The experiment would seem too hazardous, for the head of the Treasury to be willing to try it. Every one knows that any considerable increase of our imports, would produce a crisis in the money market, by causing an export of specie. For the last six months, the exchanges have been constantly on the very verge of the turning point which would induce the shipment of specie, occasionally going beyond it; so that, in fact, the banks in the Atlantic cities have actually parted with that portion of their specie which may have been considered somewhat superfluous. Any further export, to the extent of a few millions, would produce an immediate sensation. The probability of this is quite sufficient, without the stimulus of a reduction of duties in any of the leading articles of our consumption. We give Mr. Secretary Walker credit for too much sagacity, to be willing, voluntarily, to invite a money pressure, with its accompanying paralysis of industry, and the eventual poverty of the exchequer.

What then can he mean by the cabalistic phrase, "*reduction to the revenue standard?*" The tariff of 1842, was emphatically a revenue measure. Its immediate object was revenue—revenue sufficient to restore the means and credit of a bankrupt Treasury. And admirably has it answered its purpose. It undertook to do this with discrimination in favor of the industry of the country, and its friends think that it has accomplished this object, also, most happily. All must admit that, under its operation, the whole country has enjoyed the highest degree of prosperity. What, then, can be the motive for change? None can be imagined but the requisitions of the fell spirit of party. A demonstration at least must be made, in order to satisfy the pledges made to the South on this subject. Mr. Secretary Walker is called on, as a matter of course, to show up the deformities of this monster of a tariff, which has been so often denounced from the stump, as a cunning device to make the rich richer and the poor poorer. We wish him joy of the task.

Fortunately, an analysis of the operation of the tariff is

not difficult. It has, in fact, been made by the late Secretary Bibb, in a document prepared and published by order of the Senate, on the 1st of February, 1845. (*Senate Doc. No.* 109, *2d session*, 28*th Congress.*) It gives a table of every article of import during the year ending 30th June, 1844, with the amount of duty accruing from it, with the actual rate of duty on each article, whether laid ad valorem or specifically.

As this document is not very generally known, we propose making some extracts from it for the benefit of the public. It is, in fact, a document of the greatest interest in reference to the whole question. The average rate on goods paying duty is 34.64 per cent. The article paying the highest rate of duty, imported in any considerable quantity, is that of *spirits*, the rate varying on brandy, rum, and gin, from 129 to 167 per cent., and producing one million one hundred and twenty-two thousand dollars of revenue. We shall be curious to see what reduction shall be made on these, the very highest rates of duty in the tariff, in order to bring them to the *revenue standard*, instead of the *moral standard* under which they were established.

The most important article in the whole tariff, is that of *brown sugar*, which pays a duty of 66 per cent., producing four and a half million dollars revenue, to which may be added *molasses*, which adds upwards of another million, with a duty between 39 and 40 per cent. These high duties on two of the necessaries of life, are cheerfully paid by the North, for the purpose of affording protection to the great Southern staple of sugar, withdrawing a great mass of slave labor from the overdone production of cotton; and thus, in fact, acting directly for the benefit of the whole slave region of the South. We are also curious to see how Mr. Secretary Walker will treat this matter of sugar and molasses.

With the new sugar region of his darling Texas coming into the Union, will he take two or three millions off these articles and put them on tea and coffee, now free of duty? To the consumer, it has been well said, to be all the same whether the duty on a dish of tea or coffee, be divided be-

tween them and the sweetening, or laid wholly on the latter. But it is a test question of principle, and we apprehend will call into action all the ingenuity of the Secretary.

Next in importance comes the article of iron, in its various forms. Pig iron pays a duty of 67 per cent., rolled bar iron, 88. These two articles produced a revenue of upwards of a million of dollars under these high rates of duty; with those on their kindred manufactures the highest in the tariff. No doubt a reduction of the duty on iron to 20 or 25 per cent., (supposed to be about the revenue standard,) would immensely increase the importation, and perhaps increase the revenue. But it would, in the same degree, put out the furnaces of Pennsylvania; it would arrest the present rush of capital into the iron business. Iron and its coarser manufactures consist of direct abstract labor. A high duty upon iron, can only be defended on the principle of direct positive protection to our own labor. Cheap iron and cheap labor are synonymous terms; they must go together. This article presents another test question, and we have equal curiosity to see how the Secretary will present it to the electors of Pennsylvania, who voted for Mr. Polk, as a better friend to the tariff than Mr. Clay. The *coal* of Pennsylvania is another article protected with a duty of 64 per cent., producing a revenue of one hundred and fifty-two thousand dollars, the greater part paid by Massachusetts, the chief consumer of Nova Scotia coal. *Salt* pays a duty of 72 per cent., and produces a revenue of six hundred and fifty-nine thousand dollars. Such is the operation of this tariff on the leading articles of our consumption in the cruder productions of the country.

We now come to those requiring higher skill in the manufacture, and more capital for their establishment.

Woollen manufactures pay an ad valorem duty of 40 per cent., and produce a revenue of upwards of two millions of dollars. This manufacture has always given rise to the most difficult questions in the arrangement of the tariff, owing to the difficulty of adjusting the duty on wool to the satisfaction of both wool-growers and the manufacturers, whilst our

own production of wool was much below our consumption. This difficulty is fast disappearing. The increase in the production of wool, more especially in the Western States, is furnishing us a full supply, except of the very coarsest sorts, costing under seven cents a pound. In this state of things, any considerable reduction of the duty, which will materially increase the importation of woollen manufactures, will act directly upon the price of the raw material, reducing it in proportion. The duty of 40 per cent. is sufficiently reasonable as a mere revenue duty, and falls chiefly on the higher branches of the manufacture, worn by the richer portions of the community; whilst the coarser articles, for common clothing and the common carpetings, are furnished by our own manufacture, under our improved machinery, at prices so low as to leave no reasonable ground of complaint as to prices, and effectually to shut out foreign competition.

We come now to the most important of our manufactures, that of *cotton*—which exhibits the greatest triumph of the protective policy, which has attracted to it the greatest amount of capital, at the same time that its fabrics have been in the greatest degree reduced in price. It is not, perhaps, surprising that its success should have made it the object of the especial hatred and abuse of the enemies of all protection. Mr. Secretary Walker may, therefore, very probably feel himself called on to exercise all his ingenuity in finding grounds of attack upon this manufacture. We challenge him to the strictest scrutiny—to the fullest collection of facts.

It is well known that this manufacture has grown up under the protection of a specific duty, in the form of a minimum valuation, introduced by South Carolina in 1816, but which has been since repudiated by that State in terms of the grossest billingsgate. The present tariff levies a duty of six cents, at least, the square yard, on all manufactures of which cotton is a component part, and when printed or colored, of nine cents. The table informs us that the whole amount of revenue derived from goods to which the minimum principle is applied, was $4,273,000, averaging 38 per cent. on the whole cost, and which is thus classified:

	Rates of duty.
$1,121,000 from goods costing above the minimum,	30 per cent.
2,574,000 from printed and col'd goods, at 9c. s. q.	43 do.
544,000 from plain goods, at 6 cents square yard,	45¼ do.
34,000 from velvets, &c. at 10½ cents sq. yard,	35 do.

We trust the Secretary will give this subject of the cotton manufacture, a thorough examination in all its bearings; that he will ascertain what description of articles we manufacture, what we import, what we export, and what we consume, with the comparative prices. We will venture to predict what will be the result of such an examination. He will find that in all the lower branches of the manufacture, in all those goods in most common use, and which constitute the consumption of the masses, our own manufacture furnishes not only an abundant supply for our own consumption, but a constant and increasing export in competition with other nations. He will find, on obtaining samples of the goods actually imported, that they consist, in a very great measure, of the higher-priced fanciful articles, mostly mixtures of cotton with wool and silk, worn by the rich, and that, in this article especially, this large amount of revenue is derived from what may be termed luxuries. He will learn that the clamor of certain papers, like the New York Evening Post, of the cotton minimum being a severe tax on the clothing of the poor, is the merest humbuggery; and that the effect of the minimum is, in fact, most admirable as a mere revenue measure, not only as a security against fraud, but as levying the highest duty on those productions of fancy, where it is most readily paid by the consumers who choose to indulge themselves in such luxuries.

He will learn, it is true, that the manufacture is at this moment in a state of great prosperity, and that the profits have never been greater; but he will learn that the most profitable branch of the manufacture is that of making goods for the export trade, especially for the China market. And he will learn, in this connexion, that since the opening of the China trade, cotton manufactures have also greatly advanced in price in England; and that the profits of their manufacturers are probably even greater than our own. He

will also learn that a greater amount of capital is now going into this manufacture, in all its branches, than at any former period; that, throughout the whole country, every establishment for making machinery is in full employment, and constantly increasing their means of operation.

We will not anticipate the conclusions to which these different facts shall bring the mind of the Secretary, with a single exception. When he shall have learned, as he will learn, that the heavy cottons, combining much of the raw material with a small quantity of labor, which we are now exporting in such quantities along the coast of China, and even to Japan, to say nothing of other parts of the world, are wholly of American origin as a manufacture, he cannot fail to perceive that the whole cotton-growing region of the South is deeply interested in the extension of this manufacture, which carries their staple into a new and extensive market, which has heretofore been wholly supplied from cotton grown in the East. He cannot fail to perceive that South Carolina, in establishing the cotton minimum in 1816, was laying the foundation of the most extraordinary revolution in commerce which the world has ever seen—the turning back upon Asia her own essential production, the manufacture to which her own province of Calicut had, for centuries, given a name throughout the world; a revolution, perhaps, more extraordinary than that which has taken place in the opinions of South Carolina herself. He cannot fail to perceive that there is good ground for the late movement of the South in throwing off the delusion of the forty-bale theory, and in ranging themselves on the side of the protective system, of which they share a full portion of the benefits.

One of the greatest innovations of the tariff of 1842, is the change on manufactures of silk, from an ad valorem to a specific duty of two and a half dollars the pound weight. The table informs us that the duty has amounted to 25½ per cent. on the cost, producing a revenue of $1,586,000. This change was made at the request of the American importers of silks, in order to counteract the frauds committed by the foreign importers. The result is believed to be satisfactory

to those best acquainted with its operation. Some descriptions of silk goods, doubtless, pay a higher rate of duty than others, but the whole effect is, probably, as equal as any other arrangement. It has the advantage of great simplicity: at any rate, it is wholly a revenue measure. Leghorn hats produce a revenue of a quarter of a million dollars, at a duty of 35 per cent. The cotton bagging, known by the name of gunny-cloth, pays a duty of five cents the square yard, amounting to 113 per cent. on the cost; yet such is the facility and cheapness with which it is produced in India, that it continues to be imported in small quantities, a revenue of 6,400 dollars having been derived from it. At a duty of 25 per cent., this cheap bagging would doubtless break down all the factories making hemp bagging in Kentucky and Tennessee; at the same time, it would furnish freight for some thirty or forty ships from Calcutta.

The table shows that the duty on agricultural produce is not wholly nominal, as is sometimes contended. *Potatoes* produce upwards of ten thousand dollars revenue, at a rate of duty amounting to thirty per cent.; *cheese*, upwards of $5,000, at a duty of 67 per cent. The table gives a revenue of upwards of 300,000 dollars on raw cotton, at a rate of 50 per cent. duty: but this was, doubtless, drawn back on export. The same is doubtless true of many descriptions of manufactures paying a high rate of duty, being imported expressly for exportation.

The most unequal duty of the tariff is that on *wines*, especially under the construction put upon our reciprocity treaties by Mr. Secretary Bibb. He has decided that Madeira wine, costing two dollars the gallon, is a "*like article*" with the white wine of France, costing less than twenty-five cents; and so of others. The consequence is, that Madeira wine pays a duty of 4 1-10 per cent.; Port, 8½; whilst the duty on other wines ranges from 30 to 50 per cent. Nothing can put the folly of arranging our tariff by treaty, in a stronger light. An extension of it, as proposed by the Zollverein treaty, besides the folly of tying up our own hands, would be opening a door to the worst system of intrigue and

corruption. It would lead to a constant sectional struggle for sectional treaty favors, at whatever sacrifice of other portions of the country.

We have thus seen the operation of the much abused tariff of 1842, in all the leading articles of consumption. We have seen its protection diffused, as equally as possible, over every part of the country. We think it will puzzle a wise man to find much to object to, either in its principles or its details. On the contrary, we think the country owes a debt of gratitude to its authors, for their skill and care in its construction. Its adoption was one of those events which stamp a decided character on the period in which they occur. It may be said to be the pivot on which turned the fate of the country. The currency had been long deranged; with a deficient revenue, the credit of the General Government had been reduced to the lowest ebb; trade was prostrate; industry paralyzed; the public mind was filled with apprehension and dismay at the portentous indications of the future, when this measure, adopted with the greatest difficulty, carried almost by miracle, changed, as if by enchantment, the whole scene. In the short space of a year, the whole country passed from the depth of suffering, idleness, and depression, to a state of the most active prosperity, and the fullest confidence. No one capable of tracing cause and effect, can doubt that this change was the direct and immediate result of the tariff. This state of full prosperity has met with no check to the present time. Under the present system, we have nothing to fear but over-action. We may possibly go ahead too fast: there is no other fear. We think he must be a bold man, and that must be a bold party, which will seriously, and in earnest, set about any radical change in this system—a system abundantly showering its benefits over the whole country, and which has fully approved itself to our whole experience.

REVIEW

OF THE

REPORT OF SECRETARY WALKER

ON THE

TARIFF.

[FROM THE NATIONAL INTELLIGENCER.]

The report of this officer is always read with a good deal of interest. It relates to one of the most important departments of the Government; to that Department, at any rate, which sustains all the others. It is, besides, made the duty of the Secretary, in his annual Report, in addition to the estimates of the public revenue and public expenditures, to lay before Congress "plans for improving or increasing the revenues from time to time," being, as expressed, "for the purpose of giving *information* to Congress."

The theory of our Government is, that it is a Government of the People. The early practice under it was for the people, by their delegates in the two Houses of Congress, to originate the laws intended for their own government, leaving the Executive branches to their appropriate duty of carrying them into execution. The theory of monarchy is, that all laws emanate from the Sovereign, and his Ministers only have the initiative of them. General Jackson was the first President who undertook to practice upon the monarchical theory. His successors of the same dynasty follow his example; and we are here, in this Secretary's Report, presented, not with a *plan*, but arguments in favor of a *plan*, to change entirely the system by which our revenue has been collected since the establishment of the Government. This system, more especially adopted in 1816, and sustained for thirty years by all our subsequent legislation, is pronounced by this modest servant of the people as "*unequal, unjust, exorbitant, and oppressive.*" This system he proposes to change in favor of one of which he gives us, in many words, a confused outline.

We propose to examine, with all the respect due to a high officer of the Government, some of the assertions, theories, and speculations contained in this very extraordinary Report.

His object, as we were long since informed by a letter under his hand, published in the newspapers, was to bring the tariff down to the "*revenue standard.*" Of course, much curiosity existed to learn what he understood or intended by this cabalistic phrase. Without finding any very precise definition of the term, we have no difficulty in getting at his meaning, especially after comparing it with the President's Message, in which the theory is more plainly stated.

A revenue duty is one not only producing revenue, but must be so constructed as to avoid in the slightest possible degree becoming protective. A revenue duty is antagonistical to a protective duty. A duty which, by design or accident, causes similar articles to those on which it is levied to be produced at home, so as to lessen the revenue, becomes thereby protective, and must be reduced. Discrimination may be made for revenue, but not for protection. A duty laid on articles of which none are imported cannot be *collected*, and is therefore clearly *unconstitutional.* These are the fundamental principles on which the new system is to be established. He thus states the object of the protective system:

"A protective tariff is a question regarding the enhancement of the profits of capital; that is its object, and not to augment the wages of labor, which would reduce those profits. It is a question of per centage, and is to decide whether money vested in our manufactures should, by special legislation, yield a profit of ten, twenty, or thirty per cent., or whether it shall remain satisfied with a dividend equal to that accruing from the same capital when invested in agriculture, commerce, or navigation."

It is difficult to say whether the above paragraph betrays a greater ignorance of the objects and grounds on which the protective principle was adopted and engrafted into our revenue system, or of the most common and universally admitted principles of political economy. The protective system was not introduced or advocated by the possessors of capital, nor for their benefit. It is a well known fact that they were, with few, if any exceptions, opposed to it. It was the patriotic democracy of the country which advocated and introduced the system. What was the argument? The country is wholly agricultural and commercial. In the existing policy of the world, we produce more than we can sell, except at prices miserably low. We have to buy our clothing, and other foreign productions, from abroad, at their own prices, in payment of which we are constantly being drained of our specie, to the derangement of our circulating medium, and paralysis of all business. The proposition is to hold out induce-

ments to the merchants to withdraw a portion of their capital from foreign trade, and employ it in manufactures and the domestic trade of their distribution. We shall thus withdraw a portion of our labor from agriculture, and convert producers into consumers. We shall thus furnish ourselves with at least a portion of the manufactures which we require, by the labor of our own citizens, and pay for them with those productions for which we find no market, or a poor one. We apprehend the question was never started in these discussions, whether there was not danger that those who should be drawn into the new occupations would make too much money; because in those days it was considered a settled principle, confirmed by all experience, that any business yielding profits above the average rates is sure to attract capital and labor into it, until the profits fall to the general level, or more usually for a time below it.

At any rate, the protective policy was adopted, and men of business employed their earnings in the new occupations to which they were invited by the policy and laws of the country, doubtingly and hesitatingly at first, but afterwards more freely and confidently. The most successful branch, and the one which has absorbed the greatest amount of capital, is the manufacture of cotton. The possession of the raw material on the spot, and the peculiar adaptation of machinery to produce great results in this manufacture, soon made it evident that the cotton manufacture was rapidly to become one of the leading interests of the country. Capital went into it freely and confidently. Its rapid extension has no parallel, and is only equalled in the corresponding reduction in the price of its fabrics. Its success furnishes the only ground of its denunciation. The manufacturers are growing too rich. That is the whole burden of the report. "*Special legislation*" in their favor. "*Another form of privileged orders.*" We regret to see a high officer of the Government descending to use the stereotyped slang of the party newspapers. But what we pass by in silence in the Evening Post, or in the ramblings of the laborious Bundelcund, ought not to pass without censure when coming from a Secretary of the Treasury.

In carrying out his views, we find some very extraordinary assertions. For instance, "Experience proves that, as a general rule, a duty of twenty per cent. ad valorem will yield the largest revenue." We should be glad to know, *what experience?* Is it that of Great Britain, whose necessities require her to push her duties up or down to what she finds by experience to be the highest revenue standard? Her duty on tea is 2s. 1d., or 50 cents the pound, on all

teas without discrimination, being at least 200 per cent. on the cost, producing, for the year ending January, 1842, the comfortable sum of £3,978,000 as revenue. Her lowest duty on sugar that year was 24s. the cwt., or $5\frac{3}{4}$ cents the pound, producing a revenue of £5,120,000, upwards of twenty-four and a half millions of dollars. It is true this duty on sugar has since been reduced, but for relief, not for revenue. Her duties on wines are 5s 6d. the gallon, rum 9s. 4d., brandy 22s. 6d., tobacco 3s. the pound, producing together eight millions of pounds, or about forty millions of dollars, at rates varying from 300 to 900 per cent. on the value. So much for the experience of England. What is our own? Our highest tariff was that of 1828. Our greatest revenue was under it, for the year 1831, being $30,312,851 nett, at rates of duty averaging 41 per cent. on imports subject to duty. (See Doc. No. 3, 28th Congress.) Our lowest tariff was in operation in 1842, being less than 24 per cent. on the dutiable imports, and produced a nett revenue for the year of $12,780,173! So much for our own experience. We think it would puzzle Mr. Secretary Walker to furnish the evidence of what he pronounces to be so clearly proved.

Another assertion of Mr. Walker is, that the wages of labor have not augmented since the tariff of 1842, but that they have in some cases diminished. Now, we find on inquiry of the different agencies at Lowell, that the average earnings of the operatives have increased full one-third since the disastrous year 1842, or from $1,50 to full $2 per week for females, exclusive of board. But even this does not present a fair view of the full effect to the tariff of 1842, upon labor. At that time the proprietors were receiving no dividends, and waiting the action of Congress before deciding to stop the mills. Had Congress adjourned without the tariff, more than one-half the mills in New England would have stopped work at once. The reason assigned by the Secretary for his supposed fact, is entitled to some notice. "As the capital invested in manufactures is augmented by the protective tariff, there is a corresponding increase of power, until the control of such capital over the wages of labor becomes irresistible." That is to say, the greater the inducement to build mills, and the greater the amount invested in works which are wholly unproductive without hands to work them, the greater is the power of the mill-owners to drive hands into them; in other words, the power of labor to get high wages diminishes in proportion as the demand for it is increased. If a greater solecism was ever put upon paper, we should be glad to see it.

The whole force of the report is levelled against the tariff of 1842, as if that were some new abomination. It is pronounced "unequal, unjust, exorbitant, and oppressive."

Now, the fact is, the tariff of 1842 was modelled upon the tariff of 1832. That was adopted as the groundwork; the principle was the same, as a comparison will show in the following table:

	Duties per tariff of 1832.	Of 1842.
Woollens,	50 per cent.,	40 per cent.
Flannels,	16 cts. square yard,	14 cts. square yard.
Pig iron,	10 dols. per ton,	9 dols. per ton.
Rolled iron,	30 dols. per ton,	25 dols. per ton.
Other bar iron,	18 do.	17 do.
Salt,	20 cts. per bushel,	8 cts. per bushel.
Brown sugar,	2½ cts. per pound,	2½ cts. per pound
Cotton bagging,	3½ cts. sq. yard,	4 and 5 cts. sq. yd.
Cotton minimum white goods,	30 do.	20 do.
Cotton minimum dyed & printed,	35 do.	30 do.

It will be seen that there was a general reduction on the highest rates of duty. That is to say, the tariff of 1842 is less protective than than that of 1832. The only exceptions are in the articles of sugar and cotton bagging, which cannot certainly be laid at the door of the Northern manufacturers. It is true, the general rate of ad valorem duties was raised from 25 to 30 per cent., but this was done wholly for the purpose of increasing the revenue.

It becomes, then, a matter of some interest, to inquire under what circumstances the tariff of 1832 was passed. The national debt had been paid off, and a great reduction of the revenue was necessary. The Jackson party had decided majorities in both Houses of Congress; in the House of Representatives consisting of upwards of thirty. The tariff of 1832 was prepared with great care, on the principle of raising the necessary revenue, so disposed as to afford protection to our own industry in all its branches. Many of the protectionists, however, were not satisfied with the duty on woollen manufactures, high as it was, as not corresponding with the high duty on wool. The bill passed the House of Representatives by a vote of 132 to 65. It is somewhat curious to find among the yeas the names of James K. Polk and Cave Johnson. Of the nays, more than one-half consisted of those who voted against the bill as not high enough on woollens, leaving not more than thirty who voted against the bill on principle, consisting of Mr. McDuffie, and his converts to the forty-bale theory. In the Senate, the same bill, fortified in the article of woollens, by an addition of seven per

cent., passed by a vote of 32 to 16—Mr. Dallas being among those voting in the affirmative. Such was the position of the Democracy of the country, on the principle of discrimination in favor of protection in 1832. None of its deformities were then discovered. But South Carolina did not like this bill. She adopted the theory that it imposed a tax of 40 per cent. on her exports. She threatened nullification and rebellion. General Jackson, at the next session of the same Congress, proposed a reduction of the tariff, in order to appease this froward State. He admitted that "it would seem a violation of public faith, suddenly to abandon the large interests which had grown up under the implied pledge of our legislation," and added "that nothing could justify it but the public safety, which is the supreme law."

The pretext for reduction was, that the tariff would produce too much revenue—that Congress had not carried out the reduction proposed by the Secretary of the Treasury, in a bill which he had at the previous session furnished to the House of Representatives, at their request. There was no foundation for this pretext, as was afterwards admitted by the Secretary himself, in a document which he was called on to furnish, (Doc. 97, 2d sess., 22d Cong.,) showing that the tariff of 1832 actually made greater reductions than those proposed in his own bill.

But under this pretext, what was called Verplanck's bill was brought forward, and the Jackson party were most of them drilled up to the mark of undoing their own work of the preceding session. But without success; for, after a violent effort, Verplanck's bill was abandoned. It was in this state of things, that Mr. Clay's Compromise bill was taken up by the defeated party and carried through the House, against the votes of the warmest friends of the protective system. Mr. Clay acted under the mistaken idea, put forward by the administration, that the tariff of 1832 would produce more revenue than was required for the administration of the Government. Experience, and our present debt, have proved the contrary.

But with what face can the party, nay, the very men by whose agency the tariff of 1832 was passed, now come forward denouncing the tariff of 1842—the same in principle, but milder and more moderate in all respects than that of 1832—as the abomination of abominations—as a new concoction of concentrated Whiggery? Such is the spirit of party. The Baltimore Convention considered the vote of South Carolina necessary to secure the election of Mr. Polk, and the word went forth, *down with the tariff*. The affiliated presses of the party take up the note, and down with the accursed, the Whig

tariff of 1842, is responded from the same throats which cried ay, in favor of a similar tariff in 1832. Thus are the great interests of the country made the sport and football of selfish politicians, in their eager pursuit of office. It is this action of our system which makes so many of the statesmen of Europe, and some amongst ourselves, pronounce it a failure. We do not agree with them. With so much of good we must expect some evil. We believe in a recuperative power, which will eventually set things right. We must expect wrong measures, but they will work their own cure. It is possible to sound the depths of Democracy too low.

Mr. Walker expresses particular dislike to specific duties, including the cotton minimums, which are, in fact, merely specific duties. In this he goes against the experience of the whole world. He will not find a mercantile man in the whole country to agree with him. The difficulty of guarding against fraudulent invoices has increased with the increase of our trade, and its tendency to fall into the hands of unscrupulous foreigners, with whom the custom of double invoices is notorious.

The carrying out of Mr. Walker's views in this particular, would not only put our whole system of revenue in peril, but introduce the widest system of fraud and perjury which the world has ever seen. Many of the continental tariffs, and the famous Zoll-Verein in particular, are wholly specific, manufactures of cotton, wool, and silk, being rated by weight. The British tariff admits ad valorem duties in the fewest possible cases, and then subject to a home valuation, at which the Government officers are at liberty to take the goods, on paying an addition of ten per cent. Mr. Walker's objection that specific duties, and especially the cotton minimum, throw unequal burdens on the laboring classes and poor, compared to the rich, has hardly the shadow of truth to support it; so far as respects the cotton manufacture, not even the shadow. It is a fact, which must be admitted by all who look into the matter, that all the coarser manufactures of cotton—all which possess substance, and are most profitable in use by the laboring classes, are furnished by the American manufacturer on better terms than they can be had in any other part of the world. In this they challenge inquiry. The constantly increasing demand for export for this description of goods, to markets in which they meet the British in full competition, would seem to be sufficient evidence of this fact; unless, indeed, one would adopt the discovery of the sagacious Bundelcund, that *the manufacturers sell their goods abroad at one half the prices which they obtain at home.*

The Secretary quotes from Document 306, 1st session, 28th Con-

gress, (Mr. McKay's Report,) to show the high duties payable on certain manufactures of cotton, adding: "This difference is founded on *actual importation*, and shows an average discrimination against the poor on cotton imports of 82 per cent. beyond what the tax would be if assessed upon the actual value." Now, with all due respect for Mr. Walker, we must say, *there is no such thing.* He is utterly mistaken. No such importations have been made. No such horrid exaction has been practised upon the poor. His authority is the sixth column of table C, appended to that Report, 306, stated in the table itself to be, "The rates ad valorem of the duties under the present law, *as estimated* in statements made to the committee, upon the authority of known and respectable merchants and importers in several of the large commercial cities." We find the explanation on page 72 of said Report, in the "Price Current issued by Stewart, Thompson & Lay, Manchester, January 31, 1843; with the *rate of duty* under the present American tariff added." Here we find precisely the same rates of duty, being those which *would be charged*, on certain goods, *if imported*, as those given previously in the sixth column, very kindly estimated, no doubt, by some Manchester agent. Amongst them we find "stouts or domestics," (imitations of ours,) estimated to pay upwards of 100 per cent. duty, whilst they were actually selling lower in Boston and New York than the prices quoted in this very Manchester price current. This gross mistake of Mr. Walker is the more extraordinary, since the second column of this same table C gives the actual rates ad valorem on goods coming under the cotton minimums, as *made up at the Treasury*, upon the actual imports, being on the 20 cent minimum 49 per cent., and on the 30 cent minimum 43 per cent. Thus vanishes this grievance of the poor into thin air. But why, then, this heavy minimum duty on goods which require no such protection? The whole matter is fully explained in the memorial of the citizens of Boston interested in the cotton manufacture, (Document 461, 2d session, 27th Congress,) from which we make the following extract from page 48:

"The foregoing analysis will have shown that the question of a protective tariff bears very differently on different branches of the cotton manufacture. The coarser fabrics, with which we supply foreign nations at the rate of about three millions of dollars per annum, in free competition with the British, it is quite obvious, *are very little if any way affected, by any tariff whatever.* The only effect of opening our ports to this description of goods at a very low duty, or no duty at all, would be the influx of inferior British imitations made from Bengal cotton, but which would prove to the consumer, intrinsi-

cally dearer than our own manufacture made from American cotton. So far as relates to the finer qualities of plain cottons, a very moderrate square yard duty will protect the manufactures now in existence. It is in reference to the article of printed calicoes, and other fancy goods, that the question of the tariff assumes its chief importance."

The greatest importance of the minimum consists in its tendency in constantly carrying the manufacture up into the finer and higher branches. In this particular it was never more effective than at the present moment. We agree to Mr. Walker's discrimination of "maximum revenue duties upon luxuries." It is not easy perhaps to say what are luxuries in this country, where labor has its luxuries as well as the rich; but we aver, so far as the cotton manufacture is concerned, that the effect of the minimum is to collect a high duty on the finer and more costly branches of the manufacture, without affecting the lower branches at all; so that, as a revenue duty merely, acting upon luxuries, it is the most efficient mode which can be adopted.

The chief argument, however, which is expected to overthrow the tariff, lies in the fact that the manufacturers are just now sharing large dividends—that the business is, in fact, too profitable. This is accompanied in the report by the allegation that the principle of protection is legislating for the *rich*, for *classes*, for the benefit of *capital*, for the *few* instead of the *many*. However false and absurd, this is the *cry* which is expected to break down the tariff, and there is little doubt it will succeed; for the party have set up the *cry*, and they have decided majorities in both branches of Congress. Against such a cry, what will it avail to state that this prosperity is but the reflux of that tide whose long ebb in 1842–3 filled the hearts of the manufacturers with dismay? that action and reaction are as constant in the world of trade as in that of nature? that, at all events the regulating power is in full action, by which all profits in different occupations are soon brought to the same level by the unfailing laws of competition? It is true that manufactures have shared fully in the general prosperity, and there are instances in which the profits of the last year have reached twenty per cent. There are at Lowell nine companies manufacturing cotton, employing a capital of nine and a half millions. Of these, five made no dividends during the entire year 1842. The dividends for the four years 1842, 1843, 1844, and 1845, average eleven and a quarter per cent. per annum on the capital, from which should be deducted about three-fourths per cent. for the risk of fire, leaving the actual nett earnings not over ten and a half per cent. per annum. This is something more than the same establishments will average since they have been in operation; and these are undoubtedly the

most successful concerns in the country, far above the average. Another important fact: the greatest profits have been made by those mills making goods for foreign markets, on which, of course, the tariff has no bearing. About one-third of this profit has been in the advance of the raw material during the year, the most successful establishments having laid in their entire stocks before the advance, equal to about two cents the pound.

There is also abundant evidence that the cotton manufacture has been favorably affected in an equal or greater degree in Great Britain, and that their spinners have realized greater profits on their capital than any of our establishments whatever. What a bugbear is this clamor about enormous profits, special legislation for classes, and for the rich, when analyzed.

So far as there is any tangible argument in the report, it is the argument of the forty-bale theory, that a tariff of duties upon imports is in fact a tax upon exports. For instance, "the true question is whether the farmer and planter shall, to a great extent, supply our people with cheap manufactures purchased abroad with their agricultural products, or whether this exchange shall be forbidden by high duties on such manufactures, and their supply thrown as a monopoly, at large prices, by high tariffs, into the hands of our own manufacturers." This is precisely the language used by Mr. McDuffie in nullification times. He follows him in saying that we demand specie from all the world to an extent which they cannot supply; at the same time, with singular inconsistency, he advocates the Sub-Treasury, on the ground that it will facilitate a larger supply of American gold coin, and thus give greater security to all the business of the country. It is singular that the Secretary should have adopted this exploded forty-bale theory at a time when the South is so decidedly repudiating it; and that he should use this argument in order to carry Northern votes, whilst the theory, as expounded by Mr. McDuffie, attributed the peculiar prosperity of the North to the very system of protection, only to be accounted for on the ground of its being a robbery committed on the South.

The Secretary complains that the manufacturers have not generally answered his circulars. Is that surprising? We know that some answers were prepared, which were kept back on the ground that it was due to a proper self-respect. Mr. Walker had given public notice that his mind was made np to a reduction of the tariff according to a scale established in his own mind. His object, therefore, was not to collect information in order to form an opinion, but apparently to find evidence against the manufacturers. They thought, besides, that the proper tribunal for such an investigation is a committee of Con-

gress. To such a committee they will readily exhibit everything connected with the subject.

It would occupy too much space to notice all the curiosities of this Report. The Secretary is utterly opposed to countervailing restrictions, as inefficacious—differing in this from the high authority of General Jackson, and in opposition to the testimony of Mr. Huskisson, who justified himself for his relaxations of the navigation laws on this ground solely. He quotes the repeal of the duty on cotton in Great Britain as a voluntary concession, when the fact is notorious that it was only owing to the representations of the Manchester Chamber of Commerce, that the Americans were supplanting them in foreign markets in heavy goods, and that the small duty of 2s. 11d. the hundred weight operated to that extent as a bounty to their rivals. What was the British duty on cotton before the establishment of our tariff? From 1809 to 1814, 25s. 6d. the hundred weight, or $5\frac{2}{3}$ cents the pound. From 1815 to 1819, 8s. 6d. the hundred weight, or nearly 2 cents the pound.

He greatly over-estimates the value added to the cotton crop by manufacture; he supposes it increased in value sevenfold, which is nearly double the fact. He recommends, in case of war, a reduction of duties in order to increase the revenue. Mr. Gallatin, when Secretary during the war of 1812, recommended that the duties should be doubled, which advice was adopted. In fact, Mr. Walker seems to be acting under the spirit of contrariety to everything tried and established.

We pass by his proposition of carrying on the whole trade of Canada through the United States; his drawback of one half the duties where American exports would be taken in exchange; "his population of eight hundred millions disabled from purchasing our products, by our high duties on all they would sell in exchange;" "the unfettered power of agriculture to break down all restrictions;" his inflated currency repealing the operation of the tariff, &c.

In all honesty and sobriety we feel bound to say, that such a number of unwarrantable assumptions, and such a medley of puerile crudities, never before issued from any department of our Government. But what of that? It is lauded to the skies in the organs of the party, as *a new revelation in political science.* The policy is to be carried out. So be it. If New York and Pennsylvania are sick of their prosperity under the protective system which they established, so be it. But let the additional imports of twenty or thirty millions per annum come in, in accordance with the object of the policy. Before the second year shall come round, *the currency will feel it, the labor of the country will feel it, the party in power will feel it,* or we are no true prophet.

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